

IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF TEXAS
TYLER DIVISION

UNITED STATES OF AMERICA,)
)
Plaintiff,)
)
v.) Case No. 6:22-cv-00204
)
JASON ELIAS BRILEY;)
ROXANN LADAWN JOHNSON f/k/a)
ROXANN LADAWN ELLIS;)
JRC ELITE TAX SOLUTIONS, LLC,)
d/b/a ELITE TAX SOLUTIONS;)
ALEXANDER MCKENZIE;)
COURNEY JONES; DEREK BROOKS;)
DEANNA MCKENZIE; ERBIA LEWIS; and)
PATRICK MCKENZIE.)
)
Defendants.)

COMPLAINT FOR PERMANENT INJUNCTION

The United States brings this civil action under §§ 7402(a), 7407, and 7408 of the Internal Revenue Code (26 U.S.C.) to permanently enjoin Defendants Jason Elias Briley (“**Briley**”); Roxann Ladawn Johnson f/k/a Roxann Ladawn Ellis (“**Johnson**”); Alexander McKenzie (“**Alexander McKenzie**”); Courtney Jones (“**Jones**”); Derek Brooks (“**Derek Brooks**”); Deanna McKenzie (“**Deanna McKenzie**”); Erbia Lewis (“**Lewis**”); Patrick McKenzie (“**Patrick McKenzie**”); and JRC Elite Tax Solutions, LLC d/b/a Elite Tax Solutions (“**Elite Tax**”), and anyone else in active concert or participation with them, from, among other things, acting as federal tax return preparers. These individual defendants are collectively referred to as **the Preparer Defendants**. Using a conservative model, the IRS estimates that the Preparer Defendants collectively prepared tax returns falsely claiming over \$53 million in Form 7202 credits and corresponding refunds in 2022.

This action also seeks, under 26 U.S.C. § 7402, an order requiring the Preparer Defendants to disgorge to the United States the ill-gotten gains that they received in the form of tax preparation fees or otherwise for preparing federal tax returns making false claims, including those returns in which the Preparer Defendants fabricated Form 7202 credits to generate bogus refunds.

In support of this action, the United States alleges as follows:

Jurisdiction and Venue

1. This action is authorized and requested by the Chief Counsel of the Internal Revenue Service, a delegate of the Secretary of the Treasury of the United States, pursuant to 26 U.S.C. §§ 7402, 7407, and 7408, and is commenced at the direction of the Attorney General of the United States.

2. The Court has jurisdiction over this action pursuant to 28 U.S.C. §§ 1340 and 1345 and 26 U.S.C. § 7402(a).

3. Venue is proper in this Court under 28 U.S.C. § 1391 and 26 U.S.C. §§ 7407(a) and 7408(a) because (1) defendant Elite Tax maintains its principal place of business in Longview, Texas, which is within this judicial district; (2) many of the Preparer Defendants reside within this judicial district; and (3) a substantial part of the events giving rise to this action occurred within this judicial district.

Parties

4. Defendant JRC Elite Tax Solutions, LLC is a Texas domestic limited liability company formed on November 1, 2017. As of November 2, 2018, Briley was listed as the sole member of JRC Elite Tax Solutions, LLC. JRC Elite Tax Solutions, LLC's office address is 2012 S. High Street, Suite 101, Longview, Texas 75602, at which it operates its tax preparation

business, Elite Tax. Briley is the Registered Agent of JRC Elite Tax Solutions, LLC, and may be served at 2012 S. High Street, Suite 101, Longview, Texas 75602.

5. Defendant Briley is the sole member of JRC Elite Tax Solutions, LLC and has been preparing tax returns at Elite Tax since 2017. Briley resides in Longview, Texas, and may be served within this judicial district.

6. Defendant Johnson has been preparing tax returns at Elite Tax in 2022. Johnson resides in Longview, Texas, and may be served within this judicial district.

7. Defendant Alexander McKenzie has been preparing tax returns at Elite Tax in 2022. Defendant Alexander McKenzie may be served in Rowlett, Texas, where he resides.

8. Defendant Jones has been preparing tax returns at Elite Tax in 2022. Defendant Jones resides in Longview, Texas, and may be served within this judicial district.

9. Defendant Derek Brooks has been preparing tax returns at Elite Tax in 2022. Defendant Derek Brooks resides in Sachse, Texas, where he may be served.

10. Defendant Deanna McKenzie has been preparing tax returns at Elite Tax in 2022. Defendant Deanna McKenzie resides in Garland, Texas, where she may be served.

11. Defendant Lewis has been preparing tax returns at Elite Tax in 2022. Defendant Lewis resides in Longview, Texas, and may be served within this judicial district.

12. Defendant Patrick McKenzie has been preparing tax returns at Elite Tax in 2022. Defendant Patrick McKenzie resides in The Colony, Texas, and may be served within this judicial district.

Elite Tax

13. Briley formed JRC Elite Tax Solutions, LLC, which does business as Elite Tax Solutions, on November 1, 2017, and currently Briley is its sole member. Elite Tax's storefront is located at 2012 S High St., Suite 101, Longview, Texas 75602.

The Preparer Defendants

14. Briley prepares federal income tax returns for compensation and has been doing so since at least 2016. Briley obtained an Electronic Filing Identification Number ("EFIN") (XXX208) for Elite Tax on February 14, 2018. This is the only EFIN that Elite Tax used to file returns from 2018 through 2022. Briley used the Preparer Tax Identification Number ("PTIN") PXXXX5642 from 2018 through 2022.

15. Johnson, Alexander McKenzie, Jones, Derek Brooks, Deanna McKenzie, Lewis, and Patrick McKenzie all prepared tax returns for compensation at Elite Tax during 2022 using the EFIN XXX208, and their own PTIN as follows:

<u>Preparer Defendant</u>	<u>PTIN</u>
Johnson	PXXXX2429
Alexander McKenzie	PXXXX3070
Jones	PXXXX7993
Derek Brooks	PXXXX2521
Deanna McKenzie	PXXXX3065
Lewis	PXXXX9356
Patrick McKenzie	PXXXX2881

16. I.R.C. § 7701(a)(36) defines a "tax return preparer" as a person who prepares for compensation or "who employs one or more persons" to prepare tax returns for compensation.

The Preparer Defendants are “tax return preparers” under 26 U.S.C. § 7701(a)(36). The Preparer Defendants are not attorneys or certified public accountants.

17. As detailed below, the Preparer Defendants engaged in unlawful tax-preparation activity at Elite Tax, and the harm the IRS estimates their unlawful tax-preparation activity caused the United States in 2022 totaled over \$53 million.

Description of Briley’s Unlawful Tax-Preparation Activity

18. For years, Briley has continually and repeatedly prepared federal tax returns that he knew, or should have known, contained:

- a. Bogus tax credits under the Families First Coronavirus Response Act, as amended by the COVID-related Tax Relief Act of 2020 (“FFCRA”);
- b. Fabricated or inflated businesses losses on Schedules C (Profit or Loss from Business);
- c. Fabricated or inflated losses on Schedules F (Profit or Loss from Farming); and
- d. Fabricated or inflated Form 2106, Employee Business Expenses.

Examples of Briley preparing returns with false Form 7202 credits under the Families First Coronavirus Response Act (“FFCRA”) on 2020 tax returns

19. The FFCRA was intended to help the United States combat COVID-19 by providing small and midsize employers refundable tax credits that reimburse them, dollar-for-dollar, for the cost of providing paid sick and family leave wages to their employees for leave related to COVID-19. The FFCRA extended to self-employed individuals equivalent refundable tax credits (“**Form 7202 credits**”). Because this is a refundable credit, it can be used to generate a refund larger than the amount of tax paid, in other words, if the credit exceeds the tax, a taxpayer may get a refund of the difference.

20. Eligible self-employed individuals were first able to claim this tax credit on their federal income tax returns filed for tax year 2020 subject to certain conditions. To claim the credit, taxpayers or their tax return preparers completed a Form 7202, Credits for Sick Leave and Family Leave for Certain Self-Employed Individuals. The Form 7202 credits are based upon net earnings from self-employment, which can readily be determined by gathering net earnings from self-employment reported on a taxpayer's Schedule SE, Self-Employment Tax, from the tax return from which the credit is claimed or the prior year's tax return. The Form 7202 credit amount is equivalent to the amount of paid sick or family leave a taxpayer would have received if the taxpayer had been an employee of an employer other than himself.

21. Eligible self-employed individuals are also able to claim Form 7202 credits on their federal income tax returns filed for tax year 2021.

22. To calculate the Form 7202 credits, the taxpayer's net earnings from self-employment is entered on the Form 7202. In most cases, this is the amount from line 6 of the taxpayer's Schedule SE, Self-Employment Tax, which is attached to the taxpayer's federal income tax return. Importantly, if a taxpayer did not report net earnings from self-employment on the tax return from which the credit is claimed or the prior year's tax return, the taxpayer is not entitled to claim Form 7202 credits.

23. As detailed in the table below and paragraphs that follow, Briley prepared numerous federal income tax returns for 2020 which claimed Form 7202 credits, but for which the taxpayers did not report any net earnings from self-employment in 2020 or 2019.

Customer	Net Self-Employment Earnings Reported in 2019	Net Self-Employment Earnings Reported in 2020	Net Self-Employment Earnings Briley <i>Falsely</i> Claimed on Form 7202	Form 7202 Credits <i>Falsely</i> Claimed
1	\$0	\$0	\$35,970	\$5,980
2	\$0	\$0	\$18,805	\$1,392
3	\$0	\$0	\$49,809	\$3,726
4	- No 2019 return -	\$0	\$36,505	\$1,400
5	\$0	\$0	\$46,225	\$5,707
6	\$0	\$0	\$75,766	\$12,660
7	\$0	\$0	\$65,125	\$8,400
8 & 9	\$0	\$0	\$51,675	\$6,224
10	\$0	\$0	\$45,005	\$5,558
11	\$0	\$0	\$58,886	\$4,374
12	\$0	\$0	\$63,115	\$10,580
13	\$0	\$0	\$37,227	\$6,038
14	\$0	\$0	\$21,808	\$1,624
15	\$0	\$0	\$38,422	\$4,450
16	\$0	\$0	\$40,993	\$6,880
17	\$0	\$0	\$65,890	\$11,030
18 & 19	\$0	\$0	\$90,436	\$15,120
20	\$0	\$0	\$63,985	\$4,770
21	\$0	\$0	\$74,290	\$12,460
32	\$0	\$0	\$19,980	\$2,035
TOTAL				\$130,408

24. Customer 1's 2020 tax return prepared by Briley falsely claimed \$5,980 of Form 7202 credits. Briley did not report any net earnings from self-employment on Customer 1's 2020 or 2019 tax returns. Briley falsely stated Customer 1's net earnings from self-employment as \$35,970 on the Form 7202 to generate \$5,980 of Form 7202 credits.

25. Customer 2's 2020 tax return prepared by Briley falsely claimed \$1,392 of Form 7202 credits. Briley did not report any net earnings from self-employment on Customer 2's 2020 or 2019 tax returns. Briley falsely stated Customer 2's net earnings from self-employment as \$18,805 on the Form 7202 to generate \$1,392 of Form 7202 credits.

26. Customer 3's 2020 tax return prepared by Briley falsely claimed \$3,726 of Form 7202 credits. Briley did not report any net earnings from self-employment on Customer 3's 2020 tax return, and Customer 3's 2019 tax return did not report any net earnings from self-employment. Briley falsely stated Customer 3's net earnings from self-employment as \$49,809 on the Form 7202 to generate \$3,726 of Form 7202 credits.

27. Customer 4's 2020 tax return prepared by Briley falsely claimed \$1,400 of Form 7202 credits. Briley did not report any net earnings from self-employment on Customer 4's 2020 tax return, and Customer 4 did not file a 2019 tax return (thus, no reported net earnings from self-employment for Customer 4 for 2019). Briley falsely stated Customer 4's net earnings from self-employment as \$36,505 on the Form 7202 to generate \$1,400 of Form 7202 credits.

28. Customer 5's 2020 tax return prepared by Briley falsely claimed \$5,707 of Form 7202 credits. Briley did not report any net earnings from self-employment on Customer 5's 2020 or 2019 tax returns. Briley falsely stated Customer 5's net earnings from self-employment as \$46,225 on the Form 7202 to generate \$5,707 of Form 7202 credits.

29. Customer 6's 2020 tax return prepared by Briley falsely claimed \$12,660 of Form 7202 credits. Briley did not report any net earnings from self-employment on Customer 6's 2020 or 2019 tax returns. Briley falsely stated Customer 6's net earnings from self-employment as \$75,766 on the Form 7202 to generate \$12,660 of Form 7202 credits.

30. Customer 7's 2020 tax return prepared by Briley falsely claimed \$8,400 of Form 7202 credits. Briley did not report any net earnings from self-employment on Customer 7's 2020 or 2019 tax returns. Briley falsely stated Customer 7's net earnings from self-employment as \$65,125 on the Form 7202 to generate \$8,400 of Form 7202 credits.

31. Customers 8 & 9's 2020 joint tax return prepared by Briley falsely claimed \$6,224 of Form 7202 credits. Briley did not report any net earnings from self-employment on Customers 8 & 9's 2020 tax return, and Customer 8 or 9's 2019 tax returns did not report any net earnings from self-employment. Briley falsely stated Customer 8's net earnings from self-employment as \$25,575 on his Form 7202 and Customer 9's as \$26,100 on her Form 7202 to generate \$6,224 of Form 7202 credits.

32. Customer 10's 2020 tax return prepared by Briley falsely claimed \$5,558 of Form 7202 credits. Briley did not report any net earnings from self-employment on Customer 10's 2020 or 2019 tax returns. Briley falsely stated Customer 10's net earnings from self-employment as \$45,005 on the Form 7202 to generate \$5,558 of Form 7202 credits.

33. Customer 11's 2020 tax return prepared by Briley falsely claimed \$4,374 of Form 7202 credits. Briley did not report any net earnings from self-employment on Customer 11's 2020 tax return, and Customer 11's 2019 tax return did not report any net earnings from self-employment. Briley falsely stated Customer 11's net earnings from self-employment as \$58,886 on the Form 7202 to generate \$4,374 of Form 7202 credits.

34. Customer 12's 2020 tax return prepared by Briley falsely claimed \$10,580 of Form 7202 credits. Briley did not report any net earnings from self-employment on Customer 12's 2020 tax return, and Customer 12's 2019 tax return did not report any net earnings from self-employment. Briley falsely stated Customer 12's net earnings from self-employment as \$63,115 on the Form 7202 to generate \$10,580 of Form 7202 credits.

35. Customer 13's 2020 tax return prepared by Briley falsely claimed \$6,038 of Form 7202 credits. Briley did not report any net earnings from self-employment on Customer 13's 2020 or 2019 tax returns. Briley falsely stated Customer 13's net earnings from self-employment as \$37,227 on the Form 7202 to generate \$6,038 of Form 7202 credits.

36. Customer 14's 2020 tax return prepared by Briley falsely claimed \$1,624 of Form 7202 credits. Briley did not report any net earnings from self-employment on Customer 14's 2020 or 2019 tax returns. Briley falsely stated Customer 14's net earnings from self-employment as \$21,808 on the Form 7202 to generate \$1,624 of Form 7202 credits.

37. Customer 15's 2020 tax return prepared by Briley falsely claimed \$4,450 of Form 7202 credits. Briley did not report any net earnings from self-employment on Customer 15's 2020 tax return, and Customer 15's 2019 tax return reported no net earnings from self-employment. Briley falsely stated Customer 15's net earnings from self-employment as \$38,422 on the Form 7202 to generate \$4,450 of Form 7202 credits.

38. Customer 16's 2020 tax return prepared by Briley falsely claimed \$6,880 of Form 7202 credits. Briley did not report any net earnings from self-employment on Customer 16's 2020 tax return, and Customer 16's 2019 tax return reported no net earnings from self-employment. Briley falsely stated Customer 16's net earnings from self-employment as \$40,993 on the Form 7202 to generate \$6,880 of Form 7202 credits.

39. Customer 17's 2020 tax return prepared by Briley falsely claimed \$11,030 of Form 7202 credits. Briley did not report any net earnings from self-employment on Customer 17's 2020 tax return, and Customer 17's 2019 tax return did not report any net earnings from self-employment. Briley falsely stated Customer 17's net earnings from self-employment as \$65,890 on the Form 7202 to generate \$11,030 of Form 7202 credits.

40. Customers 18 & 19's 2020 joint tax return prepared by Briley falsely claimed \$15,120 of Form 7202 credits. Briley did not report any net earnings from self-employment on Customers 18 & 19's 2019 tax returns or their 2020 joint tax return. Briley falsely stated Customer 18's net earnings from self-employment as \$40,655 and Customer 19's net earnings from self-employment as \$49,781 on their Forms 7202 to generate \$15,120 of Form 7202 credits.

41. Customer 20's 2020 tax return prepared by Briley falsely claimed \$4,770 of Form 7202 credits. Briley did not report any net earnings from self-employment on Customer 20's 2020 or 2019 tax returns. Briley falsely stated Customer 20's net earnings from self-employment as \$63,985 on the Form 7202 to generate \$4,770 of Form 7202 credits.

42. Customer 21's 2020 tax return prepared by Briley falsely claimed \$12,460 of Form 7202 credits. Briley did not report any net earnings from self-employment on Customer 21's 2020 tax return, and Customer 21's 2019 tax return did not report any net earnings from self-employment. Briley falsely stated Customer 21's net earnings from self-employment as \$74,290 on the Form 7202 to generate \$12,460 of Form 7202 credits.

43. Customer 32's 2020 tax return prepared by Briley falsely claimed \$2,035 of Form 7202 credits. Briley did not report any net earnings from self-employment on Customer 32's 2020 or 2019 tax returns. Customer 32 did not have a business and was not otherwise self-

employed in 2020 or 2019, and Customer 32 did not tell Briley that she had a business or was otherwise self-employed in 2020 or 2019. The Form 7202 Briley prepared claiming that Customer 32 had \$19,980 of net earnings from self-employment is false. The statements on the Form 7202 that Briley prepared claiming that there were 14 days Customer 32 was “unable to perform services as a self-employed individual because of certain coronavirus-related care” she required and there were 25 days she was “unable to perform services as a self-employed individual because of certain coronavirus-related care” she provided to a son or daughter are also false. Customer 32 does not know where Briley came up with the entries on this Form 7202 and Briley did not discuss any part of this Form 7202 with Customer 32.

Examples of Briley preparing returns with false Form 7202 credits under the Families First Coronavirus Response Act (“FFCRA”) on 2021 tax returns

44. In 2022, Briley prepared 1,500 federal income tax returns, 97% of which claimed Form 7202 credits totaling \$30,306,625. The IRS estimates at least \$26,972,896 of the Form 7202 credits Briley claimed on the tax returns he prepared in 2022 were false. As detailed in the table below and paragraphs that follow, Briley prepared numerous federal income tax returns for 2021, which claimed Form 7202 credits, but for which the taxpayer did not report any net earnings from self-employment in 2021 or 2020, or the net earnings from self-employment were grossly overstated on their Form 7202.

Customer	Net Self-Employment Earnings Reported in 2020	Net Self-Employment Earnings Reported in 2021	Net Self-Employment Earnings Briley <i>Falsely</i> Claimed on Form 7202	Form 7202 Credits <i>Falsely</i> Claimed
12	\$0	\$5,071	\$79,432	\$15,060
45	\$400	\$0	\$77,714	\$14,990
22	\$0	\$7,078	\$77,766	\$27,980
23 & 24	\$0	\$11,831	\$146,640	\$52,860
25	\$0	\$0	\$86,033	\$28,620
26	\$0	\$0	\$75,329	\$14,540
8	\$11,924	\$0	\$79,012	\$16,240
27	\$0	\$0	\$44,556	\$16,070
28 & 29	\$0	\$4,429	\$146,697	\$52,860
30	\$0	\$19,431	\$78,174	\$28,020
31	\$0	\$0	\$44,928	\$16,220

45. Customer 12's 2021 tax return prepared by Briley falsely claimed \$15,060 of Form 7202 credits. Briley did not report any net earnings from self-employment on Customer 12's 2020 tax return. The only net earnings from self-employment Briley reported on Customer 12's 2021 tax return were \$5,071, not the \$79,432 Briley falsely stated on Customer 12's 2021 Form 7202 to generate \$15,060 of Form 7202 credits.

46. Customer 45's 2021 tax return prepared by Briley falsely claimed \$14,990 of Form 7202 credits. Briley did not report any net earnings from self-employment on Customer 45's 2021 tax return, and only reported \$400 of profit from a Schedule C business on Customer 45's 2020 tax return. Briley falsely reported Customer 45's net earnings from self-employment as \$77,714 on the Form 7202. This is not correct, and Customer 45 does not know where Briley

came up with this amount of self-employment earnings. Customer 45 did not tell Briley that he had net earnings from self-employment of \$77,714, and Briley did not ask Customer 45 about self-employment earnings.

47. The Form 7202 Briley prepared for Customer 45's 2021 tax return shows that for 14 days after December 31, 2020, and before April 1, 2021, and for 41 days after March 31, 2021, and before October 1, 2021, Customer 45 was unable to perform services as a self-employed individual because of certain coronavirus-related care he required. The Form 7202 Briley prepared for Customer 45's 2021 tax return also shows that for 60 days after March 31, 2021, and before October 1, 2021, Customer 45 was unable to perform services as a self-employed individual because of certain coronavirus-related care he required or provided to another. These statements are not correct. Customer 45 does not know where Briley came up with this number of days or information, but Briley did not ask Customer 45 about this, and Customer 45 did not provide this information to Briley.

48. Customer 22's 2021 tax return prepared by Briley falsely claimed \$27,980 of Form 7202 credits. The only net earnings from self-employment Briley reported on Customer 22's 2021 tax return were \$7,078, which could not generate Form 7202 credits of \$27,980. Customer 22's 2020 tax return did not report any net earnings from self-employment. Briley falsely stated Customer 22's net earnings from self-employment as \$77,766 on his 2021 Form 7202 to generate \$27,980 of Form 7202 credits for 2021.

49. Customers 23 & 24's 2021 tax return prepared by Briley falsely claimed \$52,860 of Form 7202 credits. The only net earnings from self-employment Briley reported on Customer 23 & 24's 2021 tax return were \$5,795 for Customer 23 and \$6,036 for Customer 24. Customer 23 & 24's 2020 tax return did not report any net earnings from self-employment. Their \$11,831

of combined net earnings from self-employment Briley reported on Customers 23 & 24's 2021 tax return could not generate Form 7202 credits of \$52,860. Briley falsely stated Customer 23's net earnings from self-employment as \$72,837, and falsely stated Customer 24's net earnings from self-employment as \$73,803 on their 2021 Forms 7202 to generate \$52,860 of Form 7202 credits.

50. Customer 25's 2021 tax return prepared by Briley falsely claimed \$28,620 of Form 7202 credits. Briley did not report any earnings from self-employment on Customer 25's 2021 tax return, and Customer 25's 2020 tax return reported no net earnings from self-employment. Briley falsely stated Customer 25's net earnings from self-employment as \$86,033 on her 2021 Form 7202 to generate a claim for \$28,620 of Form 7202 credits.

51. Customer 26's 2021 tax return prepared by Briley falsely claimed \$14,540 of Form 7202 credits. Briley did not report any net earnings from self-employment on Customer 26's 2021 or 2020 tax returns. Briley falsely stated Customer 26's net earnings from self-employment as \$75,329 on his 2021 Form 7202 to generate \$14,540 of Form 7202 credits.

52. Customer 8's 2021 tax return prepared by Briley claimed \$16,240 of Form 7202 credits. Briley did not report any net earnings from self-employment on Customer 8's 2021 tax return, and the only net earnings from self-employment Briley reported on Customer 8's 2020 tax return were \$11,924, which could not generate Form 7202 credits of \$16,240. Briley falsely stated Customer 8's net earnings from self-employment as \$79,012 on his Form 7202 to generate \$16,240 of Form 7202 credits.

53. Customer 27's 2021 tax return prepared by Briley falsely claimed \$16,070 of Form 7202 credits. Briley did not report any net earnings from self-employment on Customer 27's 2021 tax return, and Customer 27's 2020 tax return reported no net earnings from self-

employment. Briley falsely stated Customer 27's net earnings from self-employment as \$44,556 on her 2021 Form 7202 to generate \$16,070 of Form 7202 credits.

54. Customers 28 & 29's 2021 tax return prepared by Briley falsely claimed \$52,860 Form 7202 credits. The only net earnings from self-employment Briley reported on Customer 28 & 29's 2021 tax return were \$2,352 for Customer 28 and \$2,077 for Customer 29. Customers 28 & 29's 2020 tax return did not report any net earnings from self-employment. Their combined net earnings from self-employment of \$4,429 Briley reported on Customers 28 & 29's 2021 tax return could not generate Form 7202 credits of \$52,860. Briley falsely stated Customer 28's net earnings from self-employment as \$71,330 and Customer 29's net earnings from self-employment as \$75,367 on their 2021 Forms 7202 to generate \$52,860 of Form 7202 credits.

55. Customer 30's 2021 tax return prepared by Briley falsely claimed \$28,020 of Form 7202 credits. The only net earnings from self-employment Briley reported on Customer 30's 2021 tax return were \$19,431, which could not generate Form 7202 credits of \$28,020. Customer 30's 2020 tax return did not report any net earnings from self-employment. Briley falsely stated Customer 30's net earnings from self-employment as \$78,174 on her 2021 Form 7202 to generate \$28,020 of Form 7202 credits.

56. Customer 31's 2021 tax return prepared by Briley falsely claimed \$16,220 of Form 7202 credits. Briley did not report any net earnings from self-employment on Customer 31's 2021 tax return, and Customer 31's 2020 tax return reported no net earnings from self-employment. Briley falsely stated Customer 31's net earnings from self-employment as \$44,928 on his 2021 Form 7202 to generate \$16,220 of Form 7202 credits.

Examples of Briley fabricating or inflating Schedule C losses

57. Numerous of Briley's customers reported that he fabricated or inflated Schedule C, Profit or Loss from Business, losses on their tax returns over the years. Briley prepared the fabricated or inflated Schedule C to reduce the customer's taxable income, which in turn, can generate an inflated refund or reduce taxes owed. Many of the returns prepared by Briley claimed business income or expenses that are entirely fictitious. In many cases, Briley's customers did not inform Briley that they owned or operated a business, let alone that they incurred the false business income or expenses reported on the Schedule C. In other instances, when customers did own a Schedule C business, Briley inflated his customers' Schedule C business expenses to create losses that would then be deducted against taxable income from other sources.

58. Customer 32's 2019 tax return prepared by Briley falsely claimed a Schedule C business loss of \$4,632. This Schedule C was entirely fabricated by Briley. Customer 32 never told Briley that she had any business or job other than her job with her employer in 2019, and Briley never asked her whether she had a business or was self-employed in 2019. Upon discovering this false Schedule C, Customer 32 informed Briley that the Schedule C was not correct and asked him to amend her 2019 tax return to remove this Schedule C. Briley agreed to do so, and later provided her with an amended tax return for 2019, in which the false Schedule C had been removed. Briley told Customer 32 that he had filed her amended 2019 tax return and there was nothing more for her to do. The IRS has no record of an amended 2019 tax return being filed for Customer 32.

59. Customer 33's 2018 tax return prepared by Briley falsely claimed a Schedule C business loss of \$17,603. Customer 33 did not have a business in 2018 and did not do any work

other than that for her employers in 2018. Customer 33 did not tell Briley that she had a business, nor did Briley ask her any questions about whether she had a business in 2018. Customer 33 did not provide Briley with the amounts listed on this Schedule C.

60. Customer 34's 2018 tax return prepared by Briley falsely claimed a Schedule C business loss of \$9,000. Customer 34 did not have a business in 2018 and did not do any work other than for her employer in 2018. Briley did not ask Customer 34 whether she had a business or did work for anyone other than her employer in 2018, and Customer 34 did not tell Briley that she did. Customer 34 did not provide Briley with the amounts listed on this Schedule C or any documents indicating that she had any such business income or expenses. Customer 34 does not know where Briley came up with these amounts or this business.

61. Customer 35's 2018 tax return prepared by Briley falsely claimed a Schedule C business loss of \$57,630. Customer 35 did not have a business in 2018 and he did not tell Briley that he did.

62. Customer 37's 2018 and 2019 tax returns prepared by Briley falsely claimed Schedule C business losses of \$13,550, and \$6,825, respectively. Customer 37 did not have a business in 2018 or 2019 and did not tell Briley that he did. Customer 37 does not know where the numbers for the income or expenses on the Schedules C came from. Customer 37 provided only his Form W-2 to Briley for the preparation of his 2018 and 2019 tax returns.

63. Customer 38's 2018 tax return prepared by Briley falsely claimed a Schedule C business loss of \$10,945. Customer 38 did not have a business in 2018 and did not tell Briley that he did.

64. Customer 39's 2018 and 2019 tax returns prepared by Briley falsely claimed Schedule C business losses of \$16,908 and \$5,050, respectively. Customer 39 did not have a

business in 2018 or 2019 and did not tell Briley that she did. Aside from the income on the Form W-2 she received from her employer, Customer 39 did not have any other source of income in 2019.

65. Customer 40's 2018 tax return prepared by Briley falsely claimed a Schedule C business loss of \$30,843. Customer 40 never told Briley that he had a business or that he had any of the expenses that were claimed on the Schedule C, and they were made up by Briley.

66. Customer 41's 2019 tax return prepared by Briley falsely claimed a Schedule C business loss of \$7,250. Customer 41 did not have a business in 2019 and did not tell Briley that she did. Customer 41 did not give the numbers included on this Schedule C to Briley.

67. Customer 42's 2019 tax return prepared by Briley falsely claimed a Schedule C business loss of \$14,695. Customer 42 stated this Schedule C was false.

68. Customer 43's 2018 tax return prepared by Briley falsely claimed a Schedule C business loss of \$30,767. Neither Customer 43 nor her husband had a business in 2018 and they did not tell Briley that they did.

69. Customer 44's 2019 tax return prepared by Briley falsely claimed a Schedule C business loss of \$7,750. Customer 44 did not have a business in 2019. Customer 44 did not tell Briley that he had a business in 2019. Briley did not ask Customer 44 whether he had a business in 2019. Customer 44 has no idea where the numbers came from that Briley put on this Schedule C, but he did not provide those numbers to Briley.

70. Customer 45's 2018 tax return prepared by Briley falsely claimed a Schedule C business loss of \$10,000. Customer 45 did not have a business in 2018. Briley did not ask, and Customer 45 did not tell Briley, that he had a business in 2018. Customer 45 has no idea where

Briley came up with this business or the numbers on the Schedule C, but he did not provide them to Briley.

71. Customer 46's 2017 tax return prepared by Briley included a Schedule C in which Briley grossly overstated the expenses related to her business and fabricated expenses for items that she did not incur in her business.

Examples of Briley fabricating or inflating Schedule F losses

72. Briley also fabricated Schedule F, Profit or Loss from Farming, losses on customers' tax returns. Briley fabricated the Schedule F to reduce the customer's taxable income, which in turn, can generate an inflated refund or reduce taxes owed. Many of the returns prepared by Briley claimed Schedule F income or expenses that are entirely fictitious. Briley's customers did not inform Briley that they owned or operated a farm, let alone that they incurred the false income or expenses reported on the Schedule F.

73. Customer 36's 2019 tax return prepared by Briley falsely claimed a Schedule F farming loss of \$18,050. Customer 36 did not have a farm, did not raise crops, and did not raise livestock. Customer 36 did not tell Briley that he did. Customer 36 has no idea how this Schedule F farming loss got on his tax return.

74. Customer 40's 2019 tax return prepared by Briley falsely claimed a Schedule F farming loss of \$26,500. Briley completely fabricated this Schedule F. Customer 40 did not have any farm activities in 2019 and did not tell Briley that he did.

75. Customer 42's 2019 tax return prepared by Briley falsely claimed a Schedule F farming loss of \$10,500 with a principal crop or activity of "HORSES." Customer 42 did not have a farm, did not raise crops or livestock, and did not have horses in 2019, nor did he tell Briley that he did. Customer 42 has no idea where the numbers on this Schedule F came from.

76. Customer 45's 2019 tax return prepared by Briley falsely claimed a Schedule F farming loss of \$6,695. Customer 45 did not have a farm in 2019, and he did not tell Briley that he had a farm in 2019. Briley did not ask Customer 45 whether he had a farm in 2019. Customer 45 has no idea where the numbers for the farm expenses on the Schedule F came from, but he did not provide those numbers to Briley.

Examples of Briley fabricating or inflating Form 2106, Employee Business Expenses

77. Briley fabricated or inflated Form 2106 expenses on several customers' tax returns over the years. Under certain conditions not relevant here, employees may use a Form 2106 to deduct ordinary and necessary expenses for their job only if their deductible expenses exceed the amount their employer reimbursed them for such expenses. Employees must keep records to prove the time, place, business purpose, and amounts to deduct expenses for, among other things, use of a car. The expenses of commuting to and from work are not deductible.

78. Customer 32's 2016 tax return prepared by Briley reported \$32,060 of unreimbursed employee expenses, consisting of the following:

\$23,760 of unreimbursed business miles
\$ 2,600 of unreimbursed uniform expenses
\$ 1,500 of unreimbursed tool expenses
\$ 2,400 of unreimbursed cell phone expenses
\$ 1,800 of unreimbursed dry-cleaning expenses

While Customer 32 told Briley she drove her vehicle for her job, she also told Briley that her employer reimbursed her a certain amount per mile. Briley did not ask Customer 32 any questions about how many miles she drove for her employer in 2016, or how much her employer reimbursed her for the mileage. Briley did not ask Customer 32 to provide any documents showing how many miles she drove for her employer. The Form 2106 Briley prepared for Customer 32's 2016 tax return showing that she drove 44,000 miles for a total of \$23,760 of

unreimbursed vehicle expenses is false, overstates the amount of miles Customer 32 drove for her employer, and does not take into account the amount her employer reimbursed her.

79. Customer 32 has no idea where Briley came up with the \$2,600 of unreimbursed uniform expenses, \$1,500 of unreimbursed tool expenses, and \$2,400 of unreimbursed cell phone expenses he reported on the Form 2106 attached to her 2016 return. Customer 32 did not have to wear a uniform for her work and did not have any tool or cell phone expenses for her jobs in 2016. Nor did she tell Briley that she did.

80. Customer 32's 2017 tax return prepared by Briley falsely reported \$20,614 of unreimbursed employee expenses consisting of unreimbursed vehicle expenses from 38,530 business miles. Customer 32 did not drive or use her vehicle for her job in 2017. Briley did not ask Customer 32 if she drove or used her vehicle for her job in 2017, nor did she tell him that she did. Customer 32 has no idea where Briley came up with this mileage.

81. Customer 33's 2017 tax return prepared by Briley falsely reported \$33,710 of unreimbursed employee expenses consisting of unreimbursed vehicle expenses from 63,009 business miles. Customer 33 did not drive or use her vehicle for her job in 2017. Briley did not ask Customer 33 any questions about, nor did Customer 33 and Briley discuss whether she drove her car for her job in 2017.

82. Customer 45's 2017 tax return prepared by Briley included a Form 2106 in which Briley inflated the number of miles driven and vehicles Customer 45 used for a food delivery job. Customer 45 provided Briley with a mileage log showing the miles that he drove his vehicle for this job. The Form 2106 Briley prepared for Customer 45 did not contain the mileage Customer 45 listed in his mileage log and provided to Briley. Instead, Briley reported an enormous overstatement of the miles Customer 45 drove. This Form 2106 Briley prepared also

incorrectly shows that Customer 45 used two vehicles for the food delivery job. Customer 45 only owned one vehicle in 2017 and only used one vehicle in 2017 for the food delivery job. Briley did not ask Customer 45 how many vehicles he used for the food delivery job, and Customer 45 did not tell Briley that he owned or used two vehicles for this job. Briley did not ask Customer 45 any questions about, or go over with him, the Form 2106 Briley prepared for Customer 45's 2017 tax return.

83. Customer 46's 2017 tax return prepared by Briley falsely reported unreimbursed vehicle expenses totaling \$22,882 based on a total of 42,769 miles she had purportedly driven on two vehicles for her work in 2017. Customer 46 did not drive for her work in 2017, except for miles commuting to and from her work, and has no knowledge of how Briley determined the amount or mileage he included on this Form 2016. Briley did not ask Customer 46 any questions about, nor did they discuss whether she drove her car for her work.

Description of Johnson's Unlawful Tax-Preparation Activity

84. In 2022, Johnson prepared 568 federal income tax returns, 93% of which claimed Form 7202 credits totaling \$10,771,016. The IRS estimates at least \$9,586,204 of the Form 7202 credits Johnson claimed on the tax returns she prepared in 2022 were false. As detailed in the table below and paragraphs that follow, Johnson prepared numerous federal income tax returns for 2021 which claimed Form 7202 credits, but for which the taxpayer did not have any self-employment earnings in 2021 or 2020, or the self-employment earnings were grossly overstated.

Customer	Net Self-Employment Earnings Reported in 2020	Net Self-Employment Earnings Reported in 2021	Net Self-Employment Earnings Johnson <i>Falsely Claimed on Form 7202</i>	Form 7202 Credits <i>Falsely Claimed</i>
47	\$765	\$0	\$205,478	\$28,020
48	\$426	\$0	\$67,275	\$17,012
49	\$0	\$0	\$61,808	\$14,300
50	\$0	\$0	\$50,608	\$8,893
51	\$0	\$0	\$77,625	\$13,790
52	\$0	\$0	\$69,052	\$17,780
53	\$0	\$0	\$78,344	\$13,810
54	\$0	\$0	\$68,476	\$17,932
55	\$929	\$0	\$67,429	\$15,620
56	\$0	\$0	\$56,942	\$14,670

85. The 2021 return Johnson prepared for Customer 47 falsely claimed \$28,020 of Form 7202 credits. Johnson did not report any net earnings from self-employment on Customer 47's 2021 tax return. Customer 47's 2020 tax return only reported net earnings from self-employment of \$765, not the \$205,478 Johnson reported on his 2021 Form 7202 to generate \$28,020 of Form 7202 credits.

86. The 2021 return Johnson prepared for Customer 48 falsely claimed \$17,012 of Form 7202 credits. Johnson did not report any net earnings from self-employment on Customer 48's 2021 tax return, and only reported \$426 of net earnings from self-employment on Customer 48's 2020 tax return, not the \$67,275 Johnson reported on his 2021 Form 7202 to generate \$17,012 of Form 7202 credits.

87. The 2021 tax return Johnson prepared for Customer 49 falsely claimed \$14,300 of Form 7202 credits. Johnson did not report any net earnings from self-employment on Customer 49's 2021 tax return, and Customer 49's 2020 tax return reported no net earnings from self-employment. Johnson falsely stated Customer 49's net earnings from self-employment as \$61,808 on his 2021 Form 7202 to generate \$14,300 of Form 7202 credits.

88. The 2021 tax return Johnson prepared for Customer 50 falsely claimed \$8,893 of Form 7202 credits. Johnson did not report any earnings from self-employment on Customer 50's 2021 or 2020 tax returns. Johnson falsely stated Customer 50's net earnings from self-employment as \$50,608 on his 2021 Form 7202 to generate \$8,893 of Form 7202 credits.

89. The 2021 tax return Johnson prepared for Customer 51 falsely claimed \$13,790 of Form 7202 credits. Johnson did not report any net earnings from self-employment on Customer 51's 2021 or 2020 tax returns. Johnson falsely stated Customer 51's net earnings from self-employment as \$77,625 on his 2021 Form 7202 to generate \$13,790 of Form 7202 credits.

90. The 2021 tax return Johnson prepared for Customer 52 falsely claimed \$17,780 of Form 7202 credits. Johnson did not report any net earnings from self-employment on Customer 52's 2021 or 2020 tax returns. Johnson falsely stated Customer 52's net earnings from self-employment as \$69,052 on her 2021 Form 7202 to generate \$17,780 of Form 7202 credits.

91. The 2021 tax return Johnson prepared for Customer 53 falsely claimed \$13,810 of Form 7202 credits. Johnson did not report any net earnings from self-employment on Customer 53's 2021 or 2020 tax returns. Johnson falsely stated Customer 53's net earnings from self-employment as \$78,344 on his 2021 Form 7202 to generate \$13,810 of Form 7202 credits.

92. The 2021 tax return Johnson prepared for Customer 54 falsely claimed \$17,932 of Form 7202 credits. Johnson did not report any net earnings from self-employment on Customer

54's 2021 tax return, and Customer 54's 2020 tax return reported no net earnings from self-employment. Johnson falsely stated Customer 54's net earnings from self-employment as \$68,476 on his 2021 Form 7202 to generate \$17,932 of Form 7202 credits.

93. The 2021 tax return Johnson prepared for Customer 55 falsely claimed \$15,620 of Form 7202 credits. Johnson did not report any net earnings from self-employment on Customer 55's 2021 tax return. The only net earnings from self-employment Customer 55's 2020 tax return reported were \$929, which could not generate Form 7202 credits of \$15,620. Johnson falsely stated Customer 55's net earnings from self-employment as \$67,429 on his 2021 Form 7202 to generate \$15,620 of Form 7202 credits.

94. The 2021 tax return Johnson prepared for Customer 56 falsely claimed \$14,670 of Form 7202 credits. Johnson did not report any net earnings from self-employment on Customer 56's 2021 tax return, and Customer 56's 2020 tax return reported no net earnings from self-employment. Johnson falsely stated Customer 56's net earnings from self-employment as \$56,942 on his 2021 Form 7202 to generate \$14,670 of Form 7202 credits.

Description of Alexander McKenzie's Unlawful Tax-Preparation Activity

95. In 2022, Alexander McKenzie prepared 54 federal income tax returns, 100% of which claimed Form 7202 credits totaling \$806,940. The IRS estimates at least \$718,177 of the Form 7202 credits Alexander McKenzie claimed on the tax returns he prepared in 2022 were false. As detailed in the table below and paragraphs that follow, Alexander McKenzie prepared numerous federal income tax returns for 2021 claiming Form 7202 credits for which he grossly overstated the taxpayer's net self-employment earnings to generate falsely claimed Form 7202 credits.

Customer	Net Self-Employment Earnings Reported in 2020	Net Self-Employment Earnings Reported in 2021	Net Self-Employment Earnings Alexander McKenzie <i>Falsely Claimed on Form 7202</i>	Form 7202 Credits <i>Falsely Claimed</i>
57	\$1,425	\$3,083	\$71,812	\$23,110
58	\$0	\$400	\$42,369	\$8,170
59	\$0	\$575	\$79,490	\$18,120
60	\$0	\$1,117	\$63,532	\$20,370
61	\$0	\$3,000	\$80,771	\$18,220
62	- No 2020 return -	\$400	\$45,634	\$10,600
63	\$0	\$1,508	\$60,363	\$21,690
64	\$0	\$3,337	\$71,282	\$16,520
65	\$0	\$1,700	\$60,470	\$14,020
66	\$0	\$1,905	\$80,259	\$20,090

96. The 2021 tax return Alexander McKenzie prepared for Customer 57 falsely claimed \$23,110 of Form 7202 credits. The only net earnings from self-employment Alexander McKenzie reported on Customer 57's 2021 tax return were \$3,083. The only net earnings from self-employment reported on Customer 57's 2020 tax return were \$1,425. Customer 57's reported net earnings from self-employment for 2021 or 2020 could not generate Form 7202 credits of \$23,110. Alexander McKenzie falsely stated Customer 57's net earnings from self-employment as \$71,812 on her 2021 Form 7202 to generate \$23,110 of Form 7202 credits.

97. The 2021 tax return Alexander McKenzie prepared for Customer 58 falsely claimed \$8,170 of Form 7202 credits. The only net earnings from self-employment Alexander McKenzie reported on Customer 58's 2021 tax return were \$400, and Customer 58's 2020 tax

return reported no net earnings from self-employment. Customer 58's reported 2021 net earnings from self-employment of \$400 could not generate Form 7202 tax credits of \$8,170. Alexander McKenzie falsely stated Customer 58's net earnings from self-employment as \$42,369 on her 2021 Form 7202 to generate \$8,170 of Form 7202 credits.

98. The 2021 tax return Alexander McKenzie prepared for Customer 59 falsely claimed \$18,120 of Form 7202 credits. The only net earnings from self-employment Alexander McKenzie reported on Customer 59's 2021 tax return were \$575, and Customer 59's 2020 tax return reported no net earnings from self-employment. Customer 59's reported 2021 net earnings from self-employment of \$575 could not generate Form 7202 credits of \$18,120. Alexander McKenzie falsely stated Customer 59's net earnings from self-employment as \$79,490 on her 2021 Form 7202 to generate \$18,120 of Form 7202 credits.

99. The 2021 tax return Alexander McKenzie prepared for Customer 60 falsely claimed \$20,370 of Form 7202 credits. The only net earnings from self-employment Alexander McKenzie reported on Customer 60's 2021 tax return were \$1,117, and Customer 60's 2020 tax return reported no net earnings from self-employment. Customer 60's reported 2021 net earnings from self-employment of \$1,117 could not generate Form 7202 credits of \$20,370. Alexander McKenzie falsely stated Customer 60's net earnings from self-employment as \$63,532 on his 2021 Form 7202 to generate \$20,370 of Form 7202 credits.

100. The 2021 tax return Alexander McKenzie prepared for Customer 61 falsely claimed \$18,220 of Form 7202 credits. The only net earnings from self-employment Alexander McKenzie reported on Customer 61's 2021 tax return were \$3,000, and Customer 61's 2020 tax return reported no net earnings from self-employment. Customer 61's reported 2021 net earnings from self-employment of \$3,000 could not generate Form 7202 credits of \$18,220. Alexander

McKenzie falsely stated Customer 61's net earnings from self-employment as \$80,771 on her 2021 Form 7202 to generate \$18,220 of Form 7202 tax credits.

101. The 2021 tax return Alexander McKenzie prepared for Customer 62 falsely claimed \$10,600 of Form 7202 credits. The only net earnings from self-employment Alexander McKenzie reported on Customer 62's 2021 tax return were \$400. Customer 62 did not file a 2020 tax return, and thus, no net earnings from self-employment for tax year 2020 could be used for the Form 7202 credits claimed on Customer 62's 2021 tax return. Customer 62's reported 2021 net earnings from self-employment of \$400 could not generate Form 7202 tax credits of \$10,600. Alexander McKenzie falsely stated Customer 62's net earnings from self-employment as \$45,634 on his 2021 Form 7202 to generate \$10,600 of Form 7202 credits.

102. The 2021 tax return Alexander McKenzie prepared for Customer 63 falsely claimed \$21,690 of Form 7202 credits. The only net earnings from self-employment Alexander McKenzie reported on Customer 63's 2021 tax return were \$1,508, and Customer 63's 2020 tax return reported no net earnings from self-employment. Customer 63's reported 2021 net earnings from self-employment of \$1,508 could not generate Form 7202 credits of \$21,690. Alexander McKenzie falsely stated Customer 63's net earnings from self-employment as \$60,363 on her 2021 Form 7202 to generate \$21,690 of Form 7202 credits.

103. The 2021 tax return Alexander McKenzie prepared for Customer 64 falsely claimed \$16,520 of Form 7202 credits. The only net earnings from self-employment Alexander McKenzie reported on Customer 64's 2021 tax return were \$3,337, and Customer 64's 2020 tax return reported no net earnings from self-employment. Customer 64's reported 2021 net earnings from self-employment of \$3,337 could not generate Form 7202 credits of \$16,520. Alexander

McKenzie falsely stated Customer 64's net earnings from self-employment as \$71,282 on his 2021 Form 7202 to generate \$16,520 of Form 7202 credits.

104. The 2021 tax return Alexander McKenzie prepared for Customer 65 falsely claimed \$14,020 of Form 7202 credits. The only net earnings from self-employment Alexander McKenzie reported on Customer 65's 2021 tax return were \$1,700, and Customer 65's 2020 tax return reported no net earnings from self-employment. Customer 65's reported 2021 net earnings from self-employment of \$1,700 could not generate Form 7202 credits of \$14,020. Alexander McKenzie falsely stated Customer 65's net earnings from self-employment as \$60,470 on his 2021 Form 7202 to generate \$14,020 of Form 7202 credits.

105. The 2021 tax return Alexander McKenzie prepared for Customer 66 falsely claimed \$20,090 of Form 7202 credits. The only net earnings from self-employment Alexander McKenzie reported on Customer 66's 2021 tax return were \$1,905, and Customer 66's 2020 tax return reported no net earnings from self-employment. Customer 66's reported 2021 net earnings from self-employment of \$1,905 could not generate Form 7202 credits of \$20,090. Alexander McKenzie falsely stated Customer 66's net earnings from self-employment as \$80,259 on her 2021 Form 7202 to generate \$20,090 of Form 7202 credits.

Description of Jones' Unlawful Tax-Preparation Activity

106. In 2022, Jones prepared 225 federal income tax returns, 99% of which claimed Form 7202 credits totaling \$3,918,110. The IRS estimates at least \$3,487,118 of the Form 7202 credits Jones claimed on the tax returns he prepared in 2022 were false. As detailed in the table below and paragraphs that follow, Jones prepared numerous federal income tax returns for 2021, which claimed Form 7202 credits, but for which the taxpayer did not report any self-employment earnings in 2021 or 2020.

Customer	Net Self-Employment Earnings Reported in 2020	Net Self-Employment Earnings Reported in 2021	Net Self-Employment Earnings Jones <i>Falsely Claimed on Form 7202</i>	Form 7202 Credits <i>Falsely Claimed</i>
67	\$0	\$0	\$48,733	\$11,929
68	\$0	\$0	\$35,171	\$6,750
69	\$0	\$0	\$58,487	\$9,045
70	\$0	\$0	\$49,364	\$12,817
71 & 72	\$0	\$0	\$86,261	\$21,514
73	\$0	\$0	\$76,800	\$13,355
74	\$0	\$0	\$66,289	\$14,520
76	\$0	\$0	\$64,457	\$12,440
77 & 78	\$0	\$0	\$119,820	\$23,900

107. The 2021 tax return Jones prepared for Customer 67 falsely claimed \$11,929 of Form 7202 credits. Jones did not report any net earnings from self-employment on Customer 67's 2021 tax return. Customer 67's 2020 tax return did not report any net earnings from self-employment. Jones falsely stated Customer 67's net earnings from self-employment as \$48,733 on his 2021 Form 7202 to generate \$11,929 of Form 7202 credits.

108. The 2021 tax return Jones prepared for Customer 68 falsely claimed \$6,750 of Form 7202 credits. Jones did not report any net earnings from self-employment on Customer 68's 2021 or 2020 tax returns. Jones falsely stated Customer 68's net earnings from self-employment as \$35,171 on her 2021 Form 7202 to generate \$6,750 of Form 7202 credits.

109. The 2021 tax return Jones prepared for Customer 69 falsely claimed \$9,045 of Form 7202 credits. Jones did not report any net earnings from self-employment on Customer

69's 2021 or 2020 tax returns. Jones falsely stated Customer 69's net earnings from self-employment as \$58,487 on his 2021 Form 7202 to generate \$9,045 of Form 7202 credits.

110. The 2021 tax return Jones prepared for Customer 70 Jones falsely claimed \$12,817 of Form 7202 credits. Jones did not report any net earnings from self-employment on Customer 70's 2021 tax return. Customer 70's 2020 tax return did not report any net earnings from self-employment. Jones falsely stated Customer 70's net earnings from self-employment as \$49,364 on her 2021 Form 7202 to generate \$12,817 of Form 7202 credits.

111. The 2021 tax return Jones prepared for Customers 71 & 72 falsely claimed \$21,514 of Form 7202 credits. Jones did not report any net earnings from self-employment on Customers 71 & 72's 2021 tax return. Customers 71 & 72's 2020 tax return did not report any net earnings from self-employment. Jones falsely stated Customer 71's net earnings from self-employment as \$42,358 on his 2021 Form 7202 to generate tax credits of \$10,563, and Jones falsely stated Customer 72's net earnings from self-employment as \$43,903 on her 2021 Form 7202 to generate tax credits of \$10,951 for a total of \$21,514 of Form 7202 credits.

112. The 2021 tax return Jones prepared for Customer 73 falsely claimed \$13,355 of Form 7202 credits. Jones did not report any net earnings from self-employment on Customer 73's 2021 or 2020 tax returns. Jones falsely stated Customer 73's net earnings from self-employment as \$76,800 on his 2021 Form 7202 to generate \$13,355 of Form 7202 credits.

113. The 2021 tax return Jones prepared for Customer 74 falsely claimed \$14,520 of Form 7202 credits. Jones did not report any net earnings from self-employment on Customer 74's 2021 or 2020 tax returns. Jones falsely stated Customer 74's net earnings from self-employment as \$66,289 on her 2021 Form 7202 to generate \$14,520 of Form 7202 credits.

114. The 2021 tax return Jones prepared for Customer 76 falsely claimed \$12,440 of Form 7202 credits. Jones did not report any net earnings from self-employment on Customer 76's 2021 or 2020 tax returns. Jones falsely stated Customer 76's net earnings from self-employment as \$64,457 on his 2021 Form 7202 to generate \$12,440 of Form 7202 credits.

115. The 2021 tax return Jones prepared for Customers 77 & 78 falsely claimed \$23,900 of Form 7202 credits. Jones did not report any net earnings from self-employment on Customer 77 & 78's 2021 or 2020 tax returns. Jones falsely stated Customer 77's net earnings from self-employment as \$60,495 on his 2021 Form 7202 and falsely stated Customer 78's net earnings from self-employment as \$59,325 on her 2021 Form 7202 to generate Form 7202 credits totaling \$23,900.

Description of Derek Brooks' Unlawful Tax-Preparation Activity

116. In 2022, Derek Brooks prepared 344 federal income tax returns, 99% of which claimed Form 7202 credits totaling \$6,710,684. The IRS estimates at least \$5,972,509 of the Form 7202 credits Derek Brooks claimed on the tax returns he prepared in 2022 were false. As detailed in the table below and paragraphs that follow, Derek Brooks prepared numerous federal income tax returns for 2021 claiming Form 7202 credits for which he grossly overstated the taxpayer's net self-employment earnings in order to generate bogus Form 7202 credits.

Customer	Net Self-Employment Earnings Reported in 2020	Net Self-Employment Earnings Reported in 2021	Net Self-Employment Earnings Derek Brooks <i>Falsely Claimed on Form 7202</i>	Form 7202 Credits <i>Falsely</i> Claimed
79	\$0	\$946	\$12,701	\$4,610
80	\$0	\$3,877	\$28,766	\$10,360
81	\$0	\$6,680	\$30,631	\$11,050
82	\$0	\$6,136	\$49,935	\$18,030
83	\$0	\$5,363	\$38,172	\$13,720
84	\$0	\$6,099	\$33,888	\$12,170
85	\$0	\$1,240	\$41,381	\$8,530
86	\$0	\$8,927	\$44,871	\$16,220
87	\$0	\$8,450	\$38,767	\$13,980
88	\$0	\$7,230	\$35,860	\$12,880

117. The 2021 tax return Derek Brooks prepared for Customer 79 falsely claimed \$4,610 of Form 7202 credits. The only net earnings from self-employment Derek Brooks reported on Customer 79's 2021 tax return were \$946. Customer 79's 2020 tax return did not report any net earnings from self-employment. Customer 79's reported 2021 net earnings from self-employment of \$946 could not generate Form 7202 credits of \$4,610. Derek Brooks falsely stated Customer 79's net earnings from self-employment as \$12,701 on her 2021 Form 7202 to generate \$4,610 of Form 7202 credits.

118. The 2021 tax return Derek Brooks prepared for Customer 80 falsely claimed \$10,360 of Form 7202 credits. The only net earnings from self-employment Derek Brooks reported on Customer 80's 2021 tax return were \$3,877. Customer 80's 2020 tax return did not

report any net earnings from self-employment. Customer 80's reported 2021 net earnings from self-employment of \$3,877 could not generate Form 7202 credits of \$10,360. Derek Brooks falsely stated Customer 80's net earnings from self-employment as \$28,766 on her 2021 Form 7202 to generate \$10,360 of Form 7202 credits.

119. The 2021 tax return Derek Brooks prepared for Customer 81 falsely claimed \$11,050 of Form 7202 credits. The only net earnings from self-employment Derek Brooks reported on Customer 81's 2021 tax return were \$6,680. Customer 81's 2020 tax return did not report any net earnings from self-employment. Customer 81's reported 2021 net earnings from self-employment of \$6,680 could not generate Form 7202 credits of \$11,050. Derek Brooks falsely stated Customer 81's net earnings from self-employment as \$30,631 on her 2021 Form 7202 to generate \$11,050 of Form 7202 credits.

120. The 2021 tax return Derek Brooks prepared for Customer 82 falsely claimed \$18,030 of Form 7202 credits. The only net earnings from self-employment Derek Brooks reported on Customer 82's 2021 tax return were \$6,136. Customer 82's 2020 tax return did not report any net earnings from self-employment. Customer 82's reported 2021 net earnings from self-employment of \$6,136 could not generate Form 7202 credits of \$18,030. Derek Brooks falsely stated Customer 82's net earnings from self-employment as \$49,935 on her 2021 Form 7202 to generate \$18,030 of Form 7202 credits.

121. The 2021 tax return Derek Brooks prepared for Customer 83 falsely claimed \$13,720 of Form 7202 credits. The only net earnings from self-employment Derek Brooks reported on Customer 83's 2021 tax return were \$5,363. Customer 83's 2020 tax return did not report any net earnings from self-employment. Customer 83's reported 2021 net earnings from self-employment of \$5,363 could not generate Form 7202 credits of \$13,720. Derek Brooks

falsely stated Customer 83's net earnings from self-employment as \$38,172 on her 2021 Form 7202 to generate \$13,720 of Form 7202 credits.

122. The 2021 tax return Derek Brooks prepared for Customer 84 falsely claimed \$12,170 of Form 7202 credits. The only net earnings from self-employment Derek Brooks reported on Customer 84's 2021 tax return were \$6,099. Customer 84's 2020 tax return did not report any net earnings from self-employment. Customer 84's reported 2021 net earnings from self-employment of \$6,099 could not generate Form 7202 credits of \$12,170. Derek Brooks falsely stated Customer 84's net earnings from self-employment as \$33,888 on her 2021 Form 7202 to generate \$12,170 of Form 7202 credits.

123. The 2021 tax return Derek Brooks prepared for Customer 85 falsely claimed \$8,530 of Form 7202 credits. The only net earnings from self-employment Derek Brooks reported on Customer 85's 2021 tax return were \$1,240. Customer 85's 2020 tax return did not report any net earnings from self-employment. Customer 85's reported 2021 net earnings from self-employment of \$1,240 could not generate Form 7202 credits of \$8,530. Derek Brooks falsely stated Customer 85's net earnings from self-employment as \$41,381 on her 2021 Form 7202 to generate \$8,530 of Form 7202 credits.

124. The 2021 tax return Derek Brooks prepared for Customer 86 falsely claimed \$16,220 of Form 7202 credits. The only net earnings from self-employment Derek Brooks reported on Customer 86's 2021 tax return were \$8,927. Customer 86's 2020 tax return did not report any net earnings from self-employment. Customer 86's reported 2021 net earnings from self-employment of \$8,927 could not generate Form 7202 credits of \$16,220. Derek Brooks falsely stated Customer 86's net earnings from self-employment as \$44,871 on her 2021 Form 7202 to generate \$16,220 of Form 7202 credits.

125. The 2021 tax return Derek Brooks prepared for Customer 87 falsely claimed \$13,980 of Form 7202 credits. The only net earnings from self-employment Derek Brooks reported on Customer 87's 2021 tax return were \$8,450. Customer 87's 2020 tax return did not report any net earnings from self-employment. Customer 87's reported 2021 net earnings from self-employment of \$8,450 could not generate Form 7202 credits of \$13,980. Derek Brooks falsely stated Customer 87's net earnings from self-employment as \$38,767 on her 2021 Form 7202 to generate \$13,980 of Form 7202 credits.

126. The 2021 tax return Derek Brooks prepared for Customer 88 falsely claimed \$12,880 of Form 7202 credits. The only net earnings from self-employment Derek Brooks reported on Customer 88's 2021 tax return were \$7,230. Customer 88's 2020 tax return did not report any net earnings from self-employment. Customer 88's reported 2021 net earnings from self-employment of \$7,230 could not generate Form 7202 credits of \$12,880. Derek Brooks falsely stated Customer 88's net earnings from self-employment as \$35,860 on his 2021 Form 7202 to generate \$12,880 of Form 7202 credits.

Description of Deanna McKenzie's Unlawful Tax-Preparation Activity

127. In 2022, Deanna McKenzie prepared 63 federal income tax returns, 100% of which claimed Form 7202 credits totaling \$1,016,775. The IRS estimates at least \$904,930 of the Form 7202 credits Deanna McKenzie claimed on the tax returns she prepared in 2022 were false. As detailed in the table below and paragraphs that follow, Deanna McKenzie prepared numerous federal income tax returns for 2021 claiming Form 7202 credits, but for which the taxpayer did not report any self-employment earnings in 2021 or 2020, or for which she grossly overstated the taxpayer's net self-employment earnings in order to generate false Form 7202 credits.

Customer	Net Self-Employment Earnings Reported in 2020	Net Self-Employment Earnings Reported in 2021	Net Self-Employment Earnings Deanna McKenzie <i>Falsely Claimed on Form 7202</i>	Form 7202 Credits <i>Falsely Claimed</i>
89	\$0	\$11,995	\$89,531	\$15,440
90	\$0	\$900	\$79,331	\$18,100
91	\$0	\$700	\$50,435	\$11,680
92	- No 2020 return -	\$750	\$79,238	\$18,100
93	\$0	\$0	\$52,899	\$19,020
94	\$0	\$1,250	\$73,739	\$17,080
95	\$0	\$1,200	\$76,668	\$17,780
96 & 97	\$0	\$2,700	\$119,275	\$25,705
98	\$0	\$1,050	\$79,515	\$15,060
99	\$0	\$800	\$59,008	\$13,660

128. The 2021 tax return Deanna McKenzie prepared for Customer 89 falsely claimed \$15,440 of Form 7202 credits. The only net earnings from self-employment Deanna McKenzie reported on Customer 89's 2021 tax return were \$11,995. Customer 89's 2020 tax return did not report any net earnings from self-employment. Customer 89's reported 2021 net earnings from self-employment of \$11,995 could not generate Form 7202 credits of \$15,440. Deanna McKenzie falsely stated Customer 89's net earnings from self-employment as \$89,531 on her 2021 Form 7202 to generate \$15,440 of Form 7202 credits.

129. The 2021 tax return Deanna McKenzie prepared for Customer 90 falsely claimed \$18,100 of Form 7202 credits. The only net earnings from self-employment Deanna McKenzie reported on Customer 90's 2021 tax return were \$900. Customer 90's 2020 tax return did not

report any net earnings from self-employment. Customer 90's reported 2021 net earnings from self-employment of \$900 could not generate Form 7202 credits of \$18,100. Deanna McKenzie falsely stated Customer 90's net earnings from self-employment as \$79,331 on his 2021 Form 7202 to generate \$18,100 of Form 7202 credits.

130. The 2021 tax return Deanna McKenzie prepared for Customer 91 falsely claimed \$11,680 of Form 7202 credits. The only net earnings from self-employment Deanna McKenzie reported on Customer 91's 2021 tax return were \$700. Customer 91's 2020 tax return did not report any net earnings from self-employment. Customer 91's reported 2021 net earnings from self-employment of \$700 could not generate Form 7202 credits of \$11,680. Deanna McKenzie falsely stated Customer 91's net earnings from self-employment as \$50,435 on her 2021 Form 7202 to generate \$11,680 of Form 7202 credits.

131. The 2021 tax return Deanna McKenzie prepared for Customer 92 falsely claimed \$18,100 of Form 7202 credits. The only net earnings from self-employment Deanna McKenzie reported on Customer 92's 2021 tax return were \$750. Customer 92 did not file a 2020 tax return, and thus, no net earnings from self-employment for tax year 2020 could be used for the Form 7202 credits claimed on Customer 92's 2021 tax return. Customer 92's reported 2021 net earnings from self-employment of \$750 could not generate Form 7202 credits of \$18,100. Deanna McKenzie falsely stated Customer 92's net earnings from self-employment as \$79,238 on her 2021 Form 7202 to generate \$18,100 of Form 7202 credits.

132. The 2021 tax return Deanna McKenzie prepared for Customer 93 falsely claimed \$19,020 of Form 7202 credits. Deanna McKenzie did not report any net earnings from self-employment on Customer 93's 2021 tax return. Customer 93's 2020 tax return did not report any net earnings from self-employment. Deanna McKenzie falsely stated Customer 93's net earnings

from self-employment as \$52,899 on his 2021 Form 7202 to generate \$19,020 of Form 7202 credits.

133. The 2021 tax return Deanna McKenzie prepared for Customer 94 falsely claimed \$17,080 of Form 7202 credits. The only net earnings from self-employment Deanna McKenzie reported on Customer 94's 2021 tax return were \$1,250. Customer 94's 2020 tax return did not report any net earnings from self-employment. Customer 94's reported 2021 net earnings from self-employment of \$1,250 could not generate Form 7202 credits of \$17,080. Deanna McKenzie falsely stated Customer 94's net earnings from self-employment as \$73,739 on his 2021 Form 7202 to generate \$17,080 of Form 7202 credits.

134. The 2021 tax return Deanna McKenzie prepared for Customer 95 falsely claimed \$17,780 of Form 7202 credits. The only net earnings from self-employment Deanna McKenzie reported on Customer 95's 2021 tax return were \$1,200. Customer 95's 2020 tax return did not report any net earnings from self-employment. Customer 95's reported 2021 net earnings from self-employment of \$1,200 could not generate Form 7202 credits of \$17,780. Deanna McKenzie falsely stated Customer 95's net earnings from self-employment as \$76,668 on his 2021 Form 7202 to generate \$17,780 of Form 7202 credits.

135. The 2021 tax return Deanna McKenzie prepared for Customers 96 & 97 falsely claimed \$25,705 of Form 7202 credits. The only net earnings from self-employment Deanna McKenzie reported on Customers 96 & 97's 2021 tax return were \$1,800 for Customers 96 and \$900 for Customer 97. Neither Customer 96's nor Customer 97's 2020 tax return reported any net earnings from self-employment. Customers 96 & 97's reported 2021 net earnings from self-employment of \$1,800 and \$900, respectively, could not generate Form 7202 credits of \$25,705. Deanna McKenzie falsely stated Customer 96's net earnings from self-employment as \$79,944

and Customer 97's net earnings from self-employment as \$39,331 on their 2021 Forms 7202 to generate \$25,705 of Form 7202 credits.

136. The 2021 tax return Deanna McKenzie prepared for Customer 98 falsely claimed \$15,060 of Form 7202 credits. The only net earnings from self-employment Deanna McKenzie reported on Customer 98's 2021 tax return were \$1,050. Customer 98's 2020 tax return did not report any net earnings from self-employment. Customer 98's reported 2021 net earnings from self-employment of \$1,050 could not generate Form 7202 credits of \$15,060. Deanna McKenzie falsely stated Customer 98's net earnings from self-employment as \$79,515 on her 2021 Form 7202 to generate \$15,060 of Form 7202 credits.

137. The 2021 tax return Deanna McKenzie prepared for Customer 99 falsely claimed \$13,660 of Form 7202 credits. The only net earnings from self-employment Deanna McKenzie reported on Customer 99's 2021 tax return were \$800. Customer 99's 2020 tax return did not report any net earnings from self-employment. Customer 99's reported 2021 net earnings from self-employment of \$800 could not generate Form 7202 credits of \$13,660. Deanna McKenzie falsely stated Customer 99's net earnings from self-employment as \$59,008 on her 2021 Form 7202 to generate \$13,660 of Form 7202 credits.

Description of Lewis' Unlawful Tax-Preparation Activity

138. In 2022, Lewis prepared 144 federal income tax returns, 100% of which claimed Form 7202 credits totaling \$3,099,840. The IRS estimates at least \$2,758,858 of the Form 7202 credits Lewis claimed on the tax returns she prepared in 2022 were false. As detailed in the table below and paragraphs that follow, Lewis prepared numerous federal income tax returns for 2021 claiming Form 7202 credits, but for which the taxpayers did not report any self-employment earnings in 2021 or 2020.

Customer	Net Self-Employment Earnings Reported in 2020	Net Self-Employment Earnings Reported in 2021	Net Self-Employment Earnings Lewis <i>Falsely</i> Claimed on Form 7202	Form 7202 Credits <i>Falsely</i> Claimed
100	\$0	\$0	\$68,567	\$13,260
101	\$0	\$0	\$23,579	\$8,530
102	- No 2020 return -	\$0	\$61,234	\$15,780
103	\$0	\$0	\$67,974	\$22,720
104	\$0	\$0	\$69,975	\$21,580
105	\$0	\$0	\$66,857	\$17,180
106	\$0	\$0	\$70,495	\$23,620
107	\$0	\$0	\$67,659	\$22,600
108	\$0	\$0	\$67,596	\$22,600
109	\$0	\$0	\$70,963	\$19,200

139. The 2021 tax return Lewis prepared for Customer 100 falsely claimed \$13,260 of Form 7202 credits. Lewis did not report any net earnings from self-employment on Customer 100's 2021 or 2020 tax returns. Lewis falsely stated Customer 100's net earnings from self-employment as \$68,567 on her 2021 Form 7202 to generate \$13,260 of Form 7202 credits.

140. The 2021 tax return Lewis prepared for Customer 101 falsely claimed \$8,530 of Form 7202 credits. Lewis did not report any net earnings from self-employment on Customer 101's 2021 tax return. Customer 101's 2020 tax return did not report any net earnings from self-employment. Lewis falsely stated Customer 101's net earnings from self-employment as \$23,579 on her 2021 Form 7202 to generate \$8,530 of Form 7202 credits.

141. The 2021 tax return Lewis prepared for Customer 102 falsely claimed \$15,780 of Form 7202 credits. Lewis did not report any net earnings from self-employment on Customer 102's 2021 tax return. Customer 102 did not file a 2020 tax return, and thus, no net earnings from self-employment for tax year 2020 could be used for the Form 7202 credits claimed on Customer 102's 2021 tax return. Lewis falsely stated Customer 102's net earnings from self-employment as \$61,234 on her 2021 Form 7202 to generate \$15,780 of Form 7202 credits.

142. The 2021 tax return Lewis prepared for Customer 103 falsely claimed \$22,720 of Form 7202 credits. Lewis did not report any net earnings from self-employment on Customer 103's 2021 tax return. Customer 103's 2020 tax return did not report any net earnings from self-employment. Lewis falsely stated Customer 103's net earnings from self-employment as \$67,974 on his 2021 Form 7202 to generate \$22,720 of Form 7202 credits.

143. The 2021 tax return Lewis prepared for Customer 104 falsely claimed \$21,580 of Form 7202 credits. Lewis did not report any net earnings from self-employment on Customer 104's 2021 or 2020 tax returns. Lewis falsely stated Customer 104's net earnings from self-employment as \$69,975 on her 2021 Form 7202 to generate \$21,580 of Form 7202 credits.

144. The 2021 tax return Lewis prepared for Customer 105 falsely claimed \$17,180 of Form 7202 credits. Lewis did not report any net earnings from self-employment on Customer 105's 2021 tax return. Customer 105's 2020 tax return did not report any net earnings from self-employment. Lewis falsely stated Customer 105's net earnings from self-employment as \$66,857 on his 2021 Form 7202 to generate \$17,180 of Form 7202 credits.

145. The 2021 tax return Lewis prepared for Customer 106 falsely claimed \$23,620 of Form 7202 credits. Lewis did not report any net earnings from self-employment on Customer 106's 2021 tax return. Customer 106's 2020 tax return did not report any net earnings from self-

employment. Lewis falsely stated Customer 106's net earnings from self-employment as \$70,495 on her 2021 Form 7202 to generate \$23,620 of Form 7202 credits.

146. The 2021 tax return Lewis prepared for Customer 107 falsely claimed \$22,600 of Form 7202 credits. Lewis did not report any net earnings from self-employment on Customer 107's 2021 tax return. Customer 107's 2020 tax return did not report any net earnings from self-employment. Lewis falsely stated Customer 107's net earnings from self-employment as \$67,659 on his 2021 Form 7202 to generate \$22,600 of Form 7202 credits.

147. The 2021 tax return Lewis prepared for Customer 108 falsely claimed \$22,600 of Form 7202 credits. Lewis did not report any net earnings from self-employment on Customer 108's 2021 tax return. Customer 108's 2020 tax return did not report any net earnings from self-employment. Lewis falsely stated Customer 108's net earnings from self-employment as \$67,596 on his 2021 Form 7202 to generate \$22,600 of Form 7202 credits.

148. The 2021 tax return Lewis prepared for Customer 109 falsely claimed \$19,200 of Form 7202 credits. Lewis did not report any net earnings from self-employment on Customer 109's 2021 tax return. Customer 109's 2020 tax return did not report any net earnings from self-employment. Lewis falsely stated Customer 109's net earnings from self-employment as \$70,963 on her 2021 Form 7202 to generate \$19,200 of Form 7202 credits.

Description of Patrick McKenzie's Unlawful Tax-Preparation Activity

149. In 2022, Patrick McKenzie prepared 229 federal income tax returns, 98% of which claimed Form 7202 credits totaling \$3,674,793. The IRS estimates at least \$3,270,566 of the Form 7202 credits Patrick McKenzie claimed on the tax returns he prepared in 2022 were false. As detailed in the table below and paragraphs that follow, Patrick McKenzie prepared numerous federal income tax returns for 2021 claiming Form 7202 credits, but for which the

taxpayer did not report any self-employment earnings in 2021 or 2020, or for which he grossly overstated the taxpayer's net self-employment earnings in order to generate false Form 7202 credits.

Customer	Net Self-Employment Earnings Reported in 2020	Net Self-Employment Earnings Reported in 2021	Net Self-Employment Earnings Patrick McKenzie <i>Falsely Claimed on Form 7202</i>	Form 7202 Credits <i>Falsely Claimed</i>
110	\$0	\$300	\$72,875	\$14,080
111	\$0	\$343	\$79,269	\$15,050
112	\$0	\$0	\$76,989	\$14,840
113	\$0	\$300	\$59,246	\$13,740
114	\$0	\$298	\$76,873	\$14,840
115	\$0	\$0	\$78,596	\$15,020
116	\$0	\$0	\$28,969	\$10,360
117	\$0	\$0	\$32,580	\$11,740
118	\$0	\$0	\$68,580	\$13,260
119	\$0	\$0	\$68,959	\$13,330

150. The 2021 tax return Patrick McKenzie prepared for Customer 110 falsely claimed \$14,080 of Form 7202 credits. The only net earnings from self-employment Patrick McKenzie reported on Customer 110's 2021 tax return were \$300. Patrick McKenzie did not report any net earnings from self-employment on Customer 110's 2020 tax return. Customer 110's reported 2021 net earnings from self-employment of \$300 could not generate Form 7202 credits of \$14,080. Patrick McKenzie falsely stated Customer 110's net earnings from self-employment as \$72,875 on her 2021 Form 7202 to generate \$14,080 of Form 7202 credits.

151. The 2021 tax return Patrick McKenzie prepared for Customer 111 falsely claimed \$15,050 of Form 7202 credits. The only net earnings from self-employment Patrick McKenzie reported on Customer 111's 2021 tax return were \$343. Patrick McKenzie did not report any net earnings from self-employment on Customer 111's 2020 tax return. Customer 111's reported 2021 net earnings from self-employment of \$343 could not generate Form 7202 credits of \$15,050. Patrick McKenzie falsely stated Customer 111's net earnings from self-employment as \$79,269 on her 2021 Form 7202 to generate \$15,050 of Form 7202 credits.

152. The 2021 tax return Patrick McKenzie prepared for Customer 112 falsely claimed \$14,840 of Form 7202 credits. Patrick McKenzie did not report any net earnings from self-employment on Customer 112's 2021 or 2020 tax returns. Patrick McKenzie falsely stated Customer 112's net earnings from self-employment as \$76,989 on his 2021 Form 7202 to generate \$14,840 of Form 7202 credits.

153. The 2021 tax return Patrick McKenzie prepared for Customer 113 falsely claimed \$13,740 of Form 7202 credits. The only net earnings from self-employment Patrick McKenzie reported on Customer 113's 2021 tax return were \$300. Customer 113's 2020 tax return did not report any net earnings from self-employment. Customer 113's reported 2021 net earnings from self-employment of \$300 could not generate Form 7202 credits of \$13,740. Patrick McKenzie falsely stated Customer 113's net earnings from self-employment as \$59,246 on his 2021 Form 7202 to generate \$13,740 of Form 7202 credits.

154. The 2021 tax return Patrick McKenzie prepared for Customer 114 falsely claimed \$14,840 of Form 7202 credits. The only net earnings from self-employment Patrick McKenzie reported on Customer 113's 2021 tax return were \$298. Patrick McKenzie did not report any net earnings from self-employment on Customer 114's 2020 tax return. Customer 114's reported

2021 net earnings from self-employment of \$298 could not generate Form 7202 credits of \$14,840. Patrick McKenzie falsely stated Customer 114's net earnings from self-employment as \$76,873 on his 2021 Form 7202 to generate \$14,840 of Form 7202 credits.

155. The 2021 tax return Patrick McKenzie prepared for Customer 115 falsely claimed \$15,020 of Form 7202 credits. Patrick McKenzie did not report any net earnings from self-employment on Customer 115's 2021 or 2020 tax returns. Patrick McKenzie falsely stated Customer 115's net earnings from self-employment as \$78,596 on his 2021 Form 7202 to generate \$15,020 of Form 7202 credits.

156. The 2021 tax return Patrick McKenzie prepared for Customer 116 falsely claimed \$10,360 of Form 7202 credits. Patrick McKenzie did not report any net earnings from self-employment on Customer 116's 2021 tax return. Customer 116's 2020 tax return did not report any net earnings from self-employment. Patrick McKenzie falsely stated Customer 116's net earnings from self-employment as \$28,969 on her 2021 Form 7202 to generate \$10,360 of Form 7202 credits.

157. The 2021 tax return Patrick McKenzie prepared for Customer 117 falsely claimed \$11,740 of Form 7202 credits. Patrick McKenzie did not report any net earnings from self-employment on Customer 117's 2021 tax return. Customer 117's 2020 tax return did not report any net earnings from self-employment. Patrick McKenzie falsely stated Customer 117's net earnings from self-employment as \$32,580 on his 2021 Form 7202 to generate \$11,740 of Form 7202 credits.

158. The 2021 tax return Patrick McKenzie prepared for Customer 118 falsely claimed \$13,260 of Form 7202 credits. Patrick McKenzie did not report any net earnings from self-employment on Customer 118's 2021 or 2020 tax returns. Patrick McKenzie falsely stated

Customer 118's net earnings from self-employment as \$68,580 on his 2021 Form 7202 to generate \$13,260 of Form 7202 credits.

159. The 2021 tax return Patrick McKenzie prepared for Customer 119 falsely claimed \$13,330 of Form 7202 credits. Patrick McKenzie did not report any net earnings from self-employment on Customer 119's 2021 or 2020 tax returns. Patrick McKenzie falsely stated Customer 119's net earnings from self-employment as \$68,959 on his 2021 Form 7202 to generate \$13,330 of Form 7202 credits.

Harm Caused by the Unlawful Tax-Preparation Activities of the Preparer Defendants

160. The false returns that the Preparer Defendants prepared have caused substantial harm to the Government by falsely reducing their customers' reported tax liabilities, helping taxpayers avoid paying their fair share of tax, and producing refunds to which the taxpayers were not entitled. As detailed in the chart below, the IRS estimates that the Preparer Defendants have caused over \$53 million in harm just in the form of falsely claimed Form 7202 credits on tax returns filed in 2022.

161. The Preparer Defendants collectively prepared at least 3,170 tax returns during 2022. Of these 3,170 tax returns, 97% claimed Form 7202 credits totaling \$60,304,783 and corresponding refunds. Using a conservative model, the IRS estimates that the tax returns filed by the Preparer Defendants in 2022 falsely claimed over \$53 million in Form 7202 credits and corresponding refunds. This amount directly harms the United States because taxpayers receive inflated refunds or a reduction in tax liabilities to which they are not entitled.

162. The IRS made this estimate by selecting a sample of returns and comparing the amounts of the net earnings from self-employment reported on the Forms 1040 Schedule SE with the net earnings from self-employment reported on the corresponding Forms 7202. The amounts

reported on the Form 7202 that were in excess of the amounts reported on the Schedule SE for the current year or the prior year were deemed false. On average, the net earnings from self-employment reported on the Schedules SE was 11% of the net earnings from self-employment reported on the Forms 7202. Therefore, the IRS deemed at least 89% of the Form 7202 credits claimed as false.

Elite Tax 2022					
Preparer Defendant	Number of returns prepared	Number of returns with Form 7202 credits	Percentage of returns with Form 7202 credits	Amount of Form 7202 credits and corresponding refunds claimed	Amount of Form 7202 credits the IRS deemed false
Jason Briley	1,500	1,458	97%	\$30,306,625	\$26,972,896
Roxann Johnson	611	568	93%	\$10,771,016	\$9,586,204
Alexander McKenzie	54	54	100%	\$806,940	\$718,177
Courtney Jones	225	223	99%	\$3,918,110	\$3,487,118
Derek Brooks	344	340	99%	\$6,710,684	\$5,972,509
Deanna McKenzie	63	63	100%	\$1,016,775	\$904,930
Erbia Lewis	144	144	100%	\$3,099,840	\$2,758,858
Patrick McKenzie	229	224	98%	\$3,674,793	\$3,270,566
Totals	3,170	3,074	97%	\$60,304,783	\$53,671,256.87

163. During 2021, Elite Tax prepared approximately 1,358 tax returns and received approximately \$1.7 million in tax preparation fees. Thus far during 2022, Elite Tax has prepared over twice as many returns as 2021, and presumably received over twice as much in tax preparation fees.

164. Customers of the Preparer Defendants are harmed by their behavior because they pay them to prepare proper tax returns and they fail to do so. Because the Preparer Defendants

prepare returns producing refunds to which the customers are not entitled or understate their tax liabilities, those customers may face assessments for tax deficiencies, interest, and penalties.

165. The conduct of the Preparer Defendants also harms the United States because the IRS must devote some of its limited resources to investigating the Preparer Defendants' misconduct as tax return preparers; identifying and examining the tax returns of their customers; ascertaining their correct tax liabilities; attempting to collect any taxes, interest, and penalties they owe; and attempting to recover any tax refunds erroneously issued to them. In many cases, the IRS may not be able to collect tax liabilities owed or recover erroneously issued refunds.

166. In addition to the direct harm Preparer Defendants caused by preparing tax returns that understate customers' tax liabilities or produce refunds to which the customers were not entitled, their conduct undermines compliance with the internal revenue laws by preparing false or inaccurate tax returns to inflate customers' refunds.

167. The Preparer Defendants' unlawful conduct harms honest tax return preparers because, by preparing tax returns that inflate their customers' refunds (albeit, unlawfully), the Preparer Defendants gain an unfair competitive advantage over tax return preparers who prepare tax returns in accordance with the law. Customers who are satisfied with the tax refunds that they receive – but who are often unaware of the Preparer Defendants' illegal tax return preparation practices – return to Elite Tax and the Preparer Defendants for subsequent tax seasons.

**Count I
Injunction under 26 U.S.C. § 7407**

168. The United States incorporates by reference the allegations in paragraphs 1 through 167.

169. Section 7407 of the Internal Revenue Code (26 U.S.C.) authorizes a district court to enjoin a tax return preparer from, among other things, engaging in conduct subject to penalty

under 26 U.S.C. § 6694, or engaging in any other fraudulent or deceptive conduct that substantially interferes with the proper administration of the internal revenue laws, if the court finds that the preparer has engaged in such conduct and that injunctive relief is appropriate to prevent the recurrence of such conduct.

170. Additionally, Section 7407 provides that if the court finds that a tax return preparer has continually or repeatedly engaged in such conduct, and that an injunction prohibiting only such conduct would not be sufficient to prevent that person's interference with the proper administration of the Internal Revenue Code, then the court may enjoin the person from further acting as a tax return preparer.

171. Section 6694 of the Internal Revenue Code imposes a penalty on any tax return preparer who prepares any return or claim for refund with respect to which any part of an understatement of liability is due to (a) an unreasonable position of which the preparer knew or reasonably should have known, (b) a willful attempt to understate the liability, or (c) a reckless or intentional disregard of rules or regulations. I.R.C. § 6694(e) defines understatement of liability to include any understatement of tax due or "overstatement of the net amount creditable or refundable."

172. The Preparer Defendants continually and repeatedly engaged in conduct subject to penalty under I.R.C. §6694 by preparing federal income tax returns that understate their customers' liabilities or claim Form 7202 credits to which their customers were not entitled based on a willful attempt to generate bogus refunds; unreasonable, unrealistic, and frivolous positions of which they knew or should have known; or their reckless disregard of rules or regulations. For example, the Preparer Defendants knew or should have known by simply looking at the returns they themselves prepared that the customers for whom they falsely claimed

Form 7202 credits did not have the net earnings from self-employment that they claimed on the Forms 7202 for those returns.

173. If the Court does not enjoin the Preparer Defendants, they are likely to continue engaging in conduct subject to penalty under § 6694, as well as engaging in other fraudulent or deceptive conduct that substantially interferes with tax law administration. Briley has been preparing tax returns that understate his customers' tax liabilities and claim credits to which the customers are not entitled since at least 2017 using various schemes as described above. The Preparer Defendants' preparation of returns claiming improper Form 7202 credits is widespread and repeated over a significant number of their customers and especially noteworthy. The IRS estimates the Preparer Defendants prepared tax returns falsely claiming \$53 million in Form 7202 credits in 2022 alone, despite knowing or reasonably being expected to know that such claims were baseless and false.

174. Injunctive relief is therefore appropriate under § 7407, and the Court should permanently enjoin the Preparer Defendants from acting as tax return preparers.

Count II
Injunction under 26 U.S.C. § 7408

175. The United States incorporates by reference the allegations in paragraphs 1 through 167.

176. Section 7408 of the Internal Revenue Code (26 U.S.C.) authorizes a district court to enjoin any person from engaging in conduct subject to penalty under 26 U.S.C. § 6701 (among other provisions) if injunctive relief is appropriate to prevent the recurrence of such conduct.

177. Section 6701 of the Internal Revenue Code (26 U.S.C.) imposes a penalty on any person who aids or assists in the preparation or presentation of a federal tax return or refund

claim, knowing (or having reason to believe) that it would result in an understatement of another person's tax liability.

178. The Preparer Defendants prepare federal tax returns for their customers that they know will be filed with the IRS and that they know will understate the customers' tax liabilities or generate bogus refunds because they knowingly prepare returns that claim false or inflated deductions and credits. The Preparer Defendants' conduct is thus subject to penalty under § 6701.

179. If the Court does not enjoin the Preparer Defendants, they are likely to continue to engage in conduct subject to penalty under § 6701. The Preparer Defendants' preparation of returns claiming improper deductions and credits is widespread over many customers. For example, the IRS estimates the Preparer Defendants prepared tax returns falsely claiming over \$53 million in Form 7202 credits in 2022 alone.

180. Injunctive relief is therefore appropriate under § 7408, and the Court should permanently enjoin the Preparer Defendants from acting as tax return preparers.

Count III
Injunction under 26 U.S.C. § 7402(a)

181. The United States incorporates by reference the allegations in paragraphs 1 through 167.

182. Section 7402(a) of the Internal Revenue Code (26 U.S.C.) authorizes a district court to issue orders of injunction as may be necessary or appropriate for the enforcement of the internal revenue laws. I.R.C. § 7402(a) expressly provides that its injunction remedy is "in addition to and not exclusive of" other remedies for enforcing the internal revenue laws.

183. Through the actions described above, the Preparer Defendants have engaged in conduct that substantially interferes with the enforcement of the internal revenue laws because

they prepare and file many false tax returns that result in customers not paying their true federal tax liabilities and receiving tax refunds to which they are not entitled. The IRS estimates the Preparer Defendants prepared tax returns falsely claiming over \$53 million in Form 7202 credits in 2022 alone.

184. The Preparer Defendants have shown that they should not be allowed to continue to prepare tax returns for others because they have deliberately played the audit lottery on behalf of their customers. Because the IRS lacks the resources to audit every return that includes Forms 7202, the Preparer Defendants are actively subverting the American tax system, which relies on taxpayers to self-report their wage income and withholding fully and accurately.

185. An injunction prohibiting the Preparer Defendants from preparing or assisting in the preparation of tax returns for others is needed to stop them from preparing and filing false tax returns and to prohibit them from otherwise interfering with the proper administration and enforcement of the internal revenue laws now and in the future.

186. If the Preparer Defendants are not enjoined, the United States will continue to suffer irreparable harm because it is not feasible (and in many cases too late) for the IRS to audit all of the returns that the Preparer Defendants have prepared and to assert tax deficiencies, much less collect all of the undeserved refunds.

187. The public interest would be advanced by enjoining the Preparer Defendants because an injunction will stop their illegal conduct and the harm their conduct is causing the United States Treasury and the public.

188. An injunction under I.R.C. § 7402 is therefore necessary and appropriate.

Count IV
Disgorgement under 26 U.S.C. 7402(a)

189. The United States incorporates by reference the allegations in paragraphs 1 through 167.

190. Section 7402 of the Internal Revenue Code authorizes a district court to issue orders, judgments, and decrees as may be necessary or appropriate for enforcing the internal revenue laws.

191. The Preparer Defendants' conduct described in this complaint substantially interferes with the enforcement of the internal revenue laws and has caused the United States to issue tax refunds to individuals not entitled to receive them and to issue refunds larger than what taxpayers were entitled to receive. The Preparer Defendants have unjustly profited at the expense of the United States by charging customers fees for preparing and filing false returns that understated the customer's tax liability or produce tax refunds to which they were not entitled.

192. The Preparer Defendants are not entitled to these ill-gotten gains. But for the Defendants' conduct, the refunds issued would have been smaller or no refunds would have been issued at all. The Court should enter an order under 26 U.S.C. § 7402(a) requiring Defendants to disgorge to the United States the ill-gotten gains in the form of fees taken from customers' tax refunds and payments made by customers that the Preparer Defendants received for preparing federal tax returns making false and/or fraudulent claims.

WHEREFORE, the United States of America requests the following:

A. That the Court find that the Preparer Defendants have continually and repeatedly engaged in conduct subject to penalty under I.R.C. § 6694, and in other fraudulent or deceptive conduct that substantially interferes with the proper administration of the tax laws; that, pursuant to I.R.C. § 7407, an injunction merely prohibiting conduct subject to penalty under I.R.C. §

6694, or other fraudulent or deceptive conduct, would be insufficient to prevent their interference with the proper administration of the tax laws; and that the Preparer Defendants should be permanently enjoined from acting as tax return preparers;

B. That the Court find that the Preparer Defendants have repeatedly engaged in conduct subject to penalty under I.R.C. § 6701; that, pursuant to I.R.C. § 7408, an injunction merely prohibiting conduct subject to penalty under I.R.C. § 6701, or other fraudulent or deceptive conduct, would be insufficient to prevent their interference with the proper administration of the tax laws; and that the Preparer Defendants should be permanently enjoined from acting as tax return preparers;

C. That the Court find that the Preparer Defendants have interfered with the enforcement of the internal revenue laws and that injunctive relief is appropriate to prevent the recurrence of that conduct pursuant to I.R.C. § 7402(a) and under the Court's inherent equity powers;

D. That the Court, pursuant to 26 U.S.C. §§ 7402(a), 7407, and 7408, enter a permanent injunction prohibiting Elite Tax and the Preparer Defendants, their agents, servants, employees, and attorneys, and anyone in active concert or participation with them, from directly or indirectly:

1. acting as federal tax return preparers;
2. preparing, requesting, advising, assisting in, or directing, the preparation or filing of federal tax returns, amended returns, or other documents or forms related to a matter material to the internal revenue laws for any person or entity other than themselves;
3. advising, counseling, or instructing anyone regarding substantive tax law or the preparation of federal tax returns;

4. engaging in any other activity subject to penalty under I.R.C. §§ 6694, 6695, 6701 or any other penalty provision of the Internal Revenue Code;
5. engaging in other conduct interfering with the enforcement of the internal revenue law;
6. training, instructing, teaching, or creating or providing cheat sheets, memoranda, directions, instructions, or manuals, pertaining to the preparation of federal tax returns;
7. advertising tax return preparation services through any medium, including print, online, and social media;
8. referring any taxpayer to a tax preparation firm or to a tax return preparer, or otherwise suggesting that a taxpayer use any given tax preparation firm or tax return preparer;
9. collecting or gathering Forms W-2 and Forms 1099 from taxpayers or from customers who want to have their federal income tax prepared;
10. maintaining, assigning, holding, using, or obtaining a Preparer Tax Identification Number (“PTIN”) or an Electronic Filing Identification Number (“EFIN”);
11. working in the same office or office suite that also contains any part of a business whose activity at that office or office suite is to file, prepare, advise or assist in the preparation of documents relating to a matter material to the internal revenue laws, including federal tax returns, amended federal tax returns and related documents, for any person for compensation;
12. owning, operating, managing, working in, investing in, providing capital or loans to, receiving fees or remuneration from, controlling, licensing, consulting with, or

franchising a tax return preparation business or any business that engages in the prohibited activities set out above in paragraphs (1) through (11) above;

13. selling, providing access, or otherwise transferring to any person or entity a list of tax preparation customers of Elite Tax or that the Preparer Defendants generated by their tax return preparation activities; and

14. selling to any individual or entity any proprietary information of Elite Tax, including the business name “Elite Tax Solutions”.

E. That the Court enter an order permitting the IRS to cancel any Preparer Tax Identification Number and any Electronic Filing Identification Number issued to the Preparer Defendants or Elite Tax;

F. That the Court enter an order requiring the Preparer Defendants to prominently post a copy of its permanent injunction (with dimensions of at least 12 by 24 inches) at all the locations where the Preparer Defendants conduct business, including, but not limited to, posting a copy at Elite Tax, 2012 S High St., Suite 101, Longview, Texas 75602;

G. That the Court, pursuant to 26 U.S.C. §§ 7402(a), 7407, and 7408, enter an order requiring the Preparer Defendants to produce to counsel for the United States within 30 days of the Court’s order a list that identifies by name, social security number, address, email address, and telephone number and tax period(s) all persons for whom the Preparer Defendants prepared federal tax returns or claims for a refund for calendar years beginning in 2019 and continuing through this litigation;

H. That the Court enter an order requiring the Preparer Defendants to send, at their own expense, by U.S. mail within 45 days of the Court’s order, and, if an email address is known also by email, to (1) all persons for whom they have prepared federal tax returns, amended tax

returns, or claims for refund since January 2019; and (2) all employees or independent contractors that the Preparer Defendants or Elite Tax has had since January 2019, a copy of the order of permanent injunction, with no other enclosures, unless the enclosure(s) is approved by the Department of Justice;

I. That the Court enter an order requiring the Preparer Defendants, within 60 days the Court's order, to file a declaration, signed under penalty of perjury, confirming that they have received a copy of the Court's order and have timely complied with the terms described in paragraphs F, G, and H;

J. That the Court enter an order requiring the Preparer Defendants to keep records of their compliance with the foregoing directives, which may be required to be produced to the Court, if requested, or to the United States;

K. That the Court, pursuant to 26 U.S.C. § 7402, enter an order requiring the Preparer Defendants to disgorge to the United States the ill-gotten gains (the amount of which is to be determined by the Court) that the Preparer Defendants received in the form of fees taken from customers' tax refunds and in the form of payments made by customers since at least January 1, 2021 for the preparation of tax returns that make or report false deductions or claims, including those reported false Form 7202 credits;

L. That this Court enter an order that permits the United States to conduct post-judgment discovery to ensure the Preparer Defendants' compliance with the permanent injunction;

M. That the Court retain jurisdiction over this action to enforce any permanent injunction entered against the Preparer Defendants; and

N. That this Court grant the United States such other relief as the Court deems appropriate.

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